



BIG MOUNTAIN SEWER DISTRICT

PO Box 1252
Whitefish, Montana 59937

Board of Directors Meeting Minutes
June 25, 2019 9:00 am
Northern Lights Conference Room, Kandahar Lodge

1. CALL TO ORDER

The meeting was called to order at 9:00 a.m. by President Dan Graves. Present – Bob Lund, Sandie Carpenter, Bob Riso, Jason Hanchett, and Leslie Bales. ABSENT – Dave Ruoff.

2. INTRODUCTIONS – Lund introduced his two grandsons to the BMSD Board. The boys stayed to observe BMSD in action.

3. PUBLIC COMMENT – There were no members of the public present.

4. REVIEW OF MINUTES- April 30, 2019

The minutes of the April 30th meeting had a couple of questions/corrections: 2nd paragraph page 2, Leslie to email Dan Kramer and verify if $\frac{3}{4}$ and 1" are 1 EDU or if it should be $\frac{3}{4}$ " and $\frac{5}{8}$ " – if necessary correct minutes. Add parantheses for Ruoff SFR 1 EDU. Page 4 – add property owners name, DeSautel. Riso made motion to approve the April 30, 2019 minutes with corrections as noted; second by Lund. Motion carried with Ruoff ABSENT.

5. FINANCIAL REVIEW

- Balance Sheet
- Income Statement
- Cash Flow
- City of Whitefish Usage/fees
- Check Register

The last page of the packet was an explanation of all the variances in the Budget to Actual for FY 2019 as of June 24, 2019. Bales reported BMSD had done well on budgeting as there were amendments to the FY19 budget, but the actual total budget was within a few thousand dollars. Riso made motion to approve the financial reports, second by Carpenter. Motion carried with Ruoff ABSENT.

6. OLD BUSINESS

a. FY 2018 Financial Review Completed

Bales reported the FY2018 Financial Review has been completed by Doyle & Associates, and per Tana Doyle everything looked great. There were no adverse comments in our financial review, and our past Administrative Manager, Amy Dexter did a great job. BMSD Board commented Dave Ruoff's name was left off the printed report, Bales will contact Doyle & Associates to correct. Lund made

motion to accept the FY2018 Financial Review, second by Riso. Motion carried with Ruoff ABSENT.

b. City of Whitefish – Sewer Agreement Update

Lund reported they are waiting on the Infiltration & Inflow findings before moving forward on this issue. Lund reported one issue is that BMSD district is tasked with shutting off flow if City demands, will keep working on this and report back at our next BMSD meeting.

c. Lift Station Grinder Pump Repair Update

Hanchett reported the pump has been received, it is being stored, and is ready to use if needed.

d. Identifying Water Intrusion Update

Hanchett reported Paul Montgomery was out last week and brought up the initial I & I study packet (attached). Some changes will be forthcoming after his visit last week, and some of the numbers may be askew due to calibration of meters in boneyard. Montgomery is double-checking all the findings, but upon checking last week all the meters were accurately calibrated. Graves and Lund did not feel the changes would be impactful. Hanchett clarified the highlighted areas are now a non-issue. Graves asked everyone to read the study, as this is a fantastic summary of the intrusion in our system, and the report is very well done. Hanchett continued the red boxes show the number of gallons that are going through between the manholes. Montgomery outlined a cost per day to the district for each intrusion identified, and Hanchett will be outlining where we will take corrective action first and scheduling the repairs. Graves and Hanchett contacted LHC with regards to one specific area and are hopeful that LHC will correct the problem, as it is a problem with the initial construction at this specific area. Carpenter said the study was very understandable, with both Graves and Hanchett complimenting Paul Montgomery on the quality of the study. Hanchett reported he added these repair items to the proposed maintenance budget for FY20.

e. Maintenance Update

Hanchett reported that realistically all his time has been spent on I & I, along with getting bids for repairs for the upcoming budget. Lund asked Hanchett about I & I, asking if we found problems in our infrastructure that we don't know if these issues are getting worse, or when they started. Have these problems been going on for 10 years, will this fix it for future? Were these problems caused by initial installation, poor quality from contractors, service hookup problems, ground movement, earthquake potential, illegal water from property owners, etc. Lund continued asking "will the district need procedure to address these issues"? Do we owe it to the property owners to give them a heads up about these possible costs? (may be between 600,000 and 1,000,000). Discussion followed with Graves commenting with budget and public meetings the public already is informed but has no problem with that idea. Graves recommended going for the biggest issues on a yearly basis, fix the biggest problems at 50 to 100 thousand per year. Lund requested meters at the ends of the new subdivisions in the future, as having the meter at Elk Highlands showed that Elk Highlands did not have the problem and simplified the I & I study. Discussion continued. Lund asked if Hanchett had enough staff to facilitate all these repairs. Graves suggested we discuss this at a later meeting. The Board commended Hanchett on his work with Montgomery, thanking him for his hard work.

7. NEW BUSINESS

a. Lancor – request to subdivide Lot 28, Elk Highlands, Phase 2

Graves reported this lot and one other were at the top of Elk Highlands, and that these lots are called estate lot. One owner is keeping his intact, and Lancor wants to subdivide his 15-acre property into 2 lots. Lancor is asking for permission to have a second sewer tap on his land, so he can divide the property. Lund requested one of the BMSD workers be present at all taps, with Graves reporting all taps are reviewed. The cost of tap inspection is part of the PIF cost. Discussion for EDU usage followed, with Graves explaining there are enough EDU's to add another building lot. Lund made motion to approve subdividing Lot 28, Elk Highlands, Phase 2 into two parcels, second by Riso. Motion carried with Ruoff ABSENT.

b. Preliminary Rate Study for FY 2020 Update

Bales reported she had been working toward the rate study with volume included and had received the usage information from Big Mountain Water Company for calendar year 2018. Bales reminded the Board that there is not enough time to incorporate a rate structure using volume for this year's sewer assessment. Bales reported Graves has been working on updating the property records using the newest information from the Flathead County GIS department. Bales reported to fund the preliminary budget as approved will be an 8.75% increase, with the City of Whitefish anticipated increase being 13.8%. Discussion followed. Lund made motion to approve an 8.75 % increase to cover the budget, second by Graves. Motion carried with Ruoff ABSENT.

c. Budget Amendments

Bales reported the budget amendments recommended move the expenditures from one line item to another, adding there is only a few thousand dollars difference in total spending from the original FY2019 budget. There is an explanation for all recommended amendments attached to the Budget Amendment proposal (attached). The biggest changes were for additional Professional Fees for the I & I study, additional wages to cover the change in Administrative Managers for training and wages, and additional costs for the new pump install. Bales explained this may not be the final numbers for the budget amendments, as she had tried to anticipate remaining expenditures but there may be last minutes changes. Lund made motion to approve the budget amendments as presented, second by Riso. Motion carried with Ruoff ABSENT.

d. Preliminary Budget Discussion FY2020 – Leslie Bales

Hanchett asked the Board to discuss Hanchett's maintenance budget for FY20 expenditures. Hanchett explained all items in red are due to the I&I study, with Hanchett further explaining the individual items. Hanchett recommended BMSD fix the worst items, and then camera sewer lines to find biggest problems and prepare for the next year's continuing repairs. Hanchett also showed the budget for cleaning, jetting the lines where the sewer overflow occurred this last year, and to try to keep from having sewer overflows in the future. After discussion it was recommended to move clean jet lines to recurring/ routine maintenance. Hanchett shared the remaining budget items with explanations to the BMSD board. Lund made motion to accept Hanchett's maintenance recommendations for FY20, second by Carpenter. Motion carried with Ruoff ABSENT.

Graves led discussion on the Capital Items requested for FY20. First is a problem discovered 2 years ago, when there was a sewer overflow in Cedar parking lot. The line was camera'd for intrusions, cracks, problems and it was discovered the pipe in the ground had ovalized (settled, compacted) and the camera could not get all the way through the line. Hanchett added there are lots of lines that come into that main line. Graves recommended this line be at least cleaned and jetted. Lund commented he was in favor of fixing as soon as possible. Hanchett reported this line has been being monitored. After discussion, the Board agreed they are in favor of repairing this fall. Further discussion on whether subcontractors are ready to go with Hanchett replying yes, they are. The second capital project is based off the asset management schedule, Base Lodge Lift Station Pump #1 East Pump for \$19,100. Hanchett added this pump would probably not be installed until spring 2020. Lund made motion for BMSD to provide support for all projects so far, and leaving the scheduling to our Maintenance Administrator, adding if there is an extra ordinary expense BMSD would be notified. Discussion followed. Lund amended his motion to approve the maintenance and capital projects as provided and supply the manpower and staffing to accomplish, second by Riso. Motion carried with Ruoff ABSENT.

Bales outlined for the Board that they needed to publish the projected rate increase twice, with a BMSD Board meeting to hear questions and comments, then approving the rates for the 2019 tax assessment and the Preliminary FY20 Budget. Bales suggested advertising on July 10 and July 17 with the meeting being held on Tuesday, July 23rd, adding that the Preliminary Budget has to be submitted to Flathead County by July 26th. The Board agreed to the schedule.

e. Plant Investment Fees

1. 180 Polar Star Drive (Armbruster) - \$5018.46
2. 296 Northern Lights Drive (Steinbach) - \$3051.94
3. 154 Ridge Run Drive (Saline) - \$3383.62

Graves made motion to approve the PIF's as presented, second by Lund. Motion carried with Ruoff ABSENT. Bales reported a one page report on the PIF's collected and paid to City of Whitefish for 2017 through June 2019 was included in the packet for the Board.

Hanchett reported Paul Montgomery would come back to address the board, does the Board want to set a date? The Board agreed it would probably be better sooner than later. Graves reported he will be out of town 1-18 of September, with Riso adding he will be out of town the last week in September.

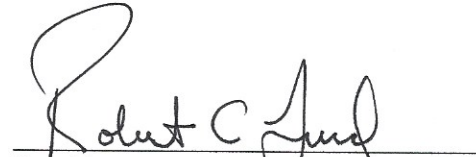
Graves informed the Board he will be resigning after the next board meeting, adding he wanted to stay on the Board to complete the FY20 budget and the rate study. Graves would like to recommend approving the Winter Sports CFO Brad Kinkaid as the new board member.

8. INFORMATIONAL CORRESPONDENCE (available for review from Administrative Manager)

- a. Flathead County Water & Sewer Districts – request to update BMSD Board information – responded May 18, 2019
- b. Flathead Valley Utility Coordinating Council – Agenda for 6/27/19 meeting
- c. City of Whitefish – Summer 2019 Quarterly Newsletter
- d. Montana Rural Water Systems – Training notice 5/9/2019 – sent to Dan & Jason

Meeting adjourned at 10:36 a.m.


Administrative Manager/Secretary


President